

Alpha Natural Resources closing eight mines, laying off 1,200

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Alpha Natural Resources closed eight mines in Virginia, West Virginia and Pennsylvania on Wednesday, throwing 400 miners out of work. The company made the announcement the day before, indicating that an additional 800 miners will be laid off by early next year.

The company said that it plans to shift production from less profitable thermal coal, used for power generation, to the more profitable metallurgical coal used in steel and metal production. Much of the latter is shipped to China and other emerging markets.

Alpha is the third largest producer of metallurgical coal in the US, with reserves of 25-30 million tons. Power companies have been shifting away from coal to cheaper natural gas, and coal use in electricity production has fallen to 36 percent from over 50 percent in the past several years.

Last year, Alpha Natural Resources completed the purchase of Massey Energy, which specialized in metallurgical coal production. Early this year, the US Department of Justice announced that Massey Energy would not face any criminal charges for the death of 29 coal miners in the Upper Big Branch mine explosion on April 5, 2010.

The company says that about 250 of the 400 laid-off workers this week will be offered job opportunities at other mines, filling vacancies and replacing contractors, putting other workers out of a job. The company did not say how far many of these miners will be asked to travel or be forced to move for the jobs.

Alpha also warned that no jobs will be available for the remaining 800 miners to be let go.

The layoffs will produce a disaster for the miners, their families, and the communities in which they live. Miners typically earn \$25 to \$30 an hour, well above the average of \$8 and \$10 an hour for most other jobs

in areas where unemployment is very high.

Of the mines Alpha is closing, three are in Virginia, four are in West Virginia, and one is in Pennsylvania. In addition, the company plans to cut back production at many other mines as well as at the giant Powder River Basin in Wyoming. Overall, the company plans to cut annual production by nearly 15 percent.

Earlier this year Alpha laid off 320 miners at its Fola mine in West Virginia and 100 miners at another three mines.

According to company records, Alpha produces 106 million tons of coal annually, of which 18 percent is metallurgical coal, yet half of their profits are derived from the latter.

While the US market for coal used in power production has been declining, the global market for metallurgical coal continues to grow. There is strong demand from China, India and Brazil along with other emerging markets that need metallurgical coal to power their steel mills.

Mining employment throughout West Virginia and the Appalachian coalfields has declined this year after three years of growth, due primarily to the shift of power generation away from coal towards natural gas. There were 23,300 miners in West Virginia from April through June, according to the US Mine Safety and Health Administration, down 5 percent from the first quarter of this year.

The US Department of Energy predicts that coal production in the region will fall by 50 percent by 2035.



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